

Message Text

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15

ACTION EB-11

INFO OCT-01 EA-11 ADP-00 IO-13 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02 SS-15

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 OMB-01 RSR-01

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TO SECSTATE WASHDC 6952

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TAGS: ETRD, GATT, NZ, US

SUBJ: US-NZ TRADE

REF: WELL A-131 OF JUNE 26

1. SUMMARY: BRIEF TALK WITH MINISTER TRADE AND INDUSTRY ON US/NZ ASPECTS OF SOYBEANS, FERROUS SCRAP, FORTH-COMING GATT NEGOTIATIONS, NZ IMPORT LICENSES AND QUOTAS, AND PHASING OUT OF NZ BP. END SUMMARY.

2. ON JULY 25 MINISTER OF TRADE AND INDUSTRY WARREN FREER CALLED ME IN FOR FRIENDLY DISCUSSION MY SPEECH MAY 29 (REF).

3. ON BASIS EXCELLENT BRIEFING BY ECON OFFICER HARTWICK I SUGGESTED FOL POINTS AS PRACTICAL NZ/US CONSIDERATIONS IN TERMS MY SPEECH. (IN EACH CASE BELOW HIS ANSWER FOLLOWS).

A. DESPITE CURRENT SHORTAGES IN SOYBEANS AND
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SCRAP METAL US REMAINS DEDICATED TO FREER TRADE. US

SOYBEAN PRODUCTION UP, BUT WE FACED SUDDEN WORLD SHORTAGE. WE HAD TO PROTECT OUR OWN CONSUMERS AGAINST UNDUE INFLATION AND DO OUR BEST TO MEET WORLD DEMAND. IT SEEMED LIKELY WE WOULD ACHIEVE THIS GOAL SOON. FERROUS SCRAP PRESENTED SAME PROBLEM PLUS MORE DIFFICULT TO REPLACE THAN SOYBEANS. HOWEVER, IF NZ WANTED MODERN STEEL FURNACES THAT DIDN'T USE SCRAP, WE WOULD BE GLAD TO TALK BUSINESS.

ANS: HE FEARED THERE WOULD BE CONTINUING WORLD SHORTAGES VARIOUS COMMODITIES WHICH WOULD INCREASE IMPORT COSTS AND THIS PROBLEM WOULD HAVE TO BE SOLVED EVENTUALLY BY INTERNATIONAL AGREEMENTS.

B. COULD US AND NZ EXPERTS IN GATT MISSIONS WORK TOGETHER ON TECHNICAL MATTERS OF JOINTINTEREST, ESPECIALLY AGRICULTURAL EXPORTS, PRIOR SEPTEMBER GATT NEGOTIATIONS?

ANS: A GOOD IDEA. SUCCESSFUL GATT NEGOTIATIONS WOULD BE LENGTHY AND MUST BE TIED TO MONETARY REFORM. US SHOULD GIVE LEAD IN BOTH, BUT IF IT DID OTHER NATIONS WOULD BELIEVE US ONLY SEEKING PROTECT DOLLAR. THEREFORE, WHILE INTERNATIONALLY AGREED TRADE AND MONETARY REFORMS WERE NEEDED NOW, THEY WOULD TAKE A LONG TIME TO REACH.

C. WAS GNZ SHOWING INCREASED LIBERALITY AND FLEXIBILITY IN ITS IMPORT LICENSING AND QUOTA SYSTEMS?

ANS: YES, BUT THE THINGS NZ NEEDED WERE SCARCE AND EXPENSIVE , E.G., BUILDING MATERIAL TO MEET HOUSING SHORTAGE IN NZ AND MOST ADVANCED COUNTRIES.

D. WHEN GNZ REACHED ANY DECISIONS ON ORDER IN WHICH IT WOULD PHASE OUT BRITISH PREFERENCES, WOULD THEY INFORM US?

ANS: YES, BUT DECISIONS NOT REACHED. IF 20 YEARS AGO AS NEW LABOR MP HE HAD ADVOCATED HIS PRESENT MINISTERIAL POLICY OF LOWERING TARIFFS AND STRENGTHEN-
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ING ONLY EFFICIENT NZ INDUSTRIES AND INDUSTRIALISTS, HE WOULD HAVE BEEN THROWN OUT THE WINDOW.

4. AT THIS POINT CONVERSATION, WHICH HAD LASTED 15 MINUTES, WAS INTERRUPTED. HE SAID HE WANTED TO ARRANGE LATER, LONGER MEETING WITH MINISTER OVERSEAS TRADE JOE WALDING, HIMSELF AND ME. I WELCOMED THIS AND SAID I WOULD LIKE THEIR VIEWS ON GOA TARIFF CUTS AND

ENLARGING NAFTA'S SCOPE AS A FREE TRADE SCHEME.

ANS: "WE HAVE STRONG VIEWS ON AUSTRALIAN TARIFF
CUTS."
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